

Opening Statement
US-Bahrain Free Trade Agreement Hearing
October 6, 2005
Senator Jeff Bingaman

I think it is clear to most everyone here today that this agreement is critical not because of the opportunities it provides U.S. companies but rather because it represents another step toward the possibility of economic growth and political stability in the region. No one was under the illusion when we began this process that Bahrain would be an export magnet for U.S. goods. Instead, the purpose was to take another incremental step toward a greater Middle East Free Trade Agreement and, in the process, provide concrete employment opportunities for a region where violence has been one of the only viable options. We all understand that this agreement is about what we hope to accomplish through engagement.

That said, I don't want to underestimate what this agreement accomplishes on trade. USTR has negotiated a level of market access – 100% tariff reductions in most cases, and when they are less than 100% they are phased out quickly – that is unique for FTA's across a range of sectors: consumer and industrial products, agriculture, textiles and apparel, telecommunications, and services. It has guaranteed protections in intellectual property rights, obtained commitments on sanitary and phytosanitary measures, procurement, and financial transparency, and has streamlined customs procedures to limit the impact of non-tariff barriers on U.S. business. It is a strong agreement, in many respects a cutting-edge agreement, in this regard.

But let me make a couple of quick observations.

First, it was pointed out by Congressman Cardin during the Ways and Means hearing last week that Bahrain still must offer some re-assurance to USTR on several labor issues before this FTA will be marked up before the full Finance Committee. I want to state for the record that I share that view.

Second, although this FTA does satisfy the minimum level of labor rights commitment under Trade Promotion Authority, I agree with many of my colleagues when they state that we need to be thinking of TPA as a floor and not a ceiling. I think it is important that the Administration take seriously the comments that will be made today by the AFL-CIO witness concerning the inadequacy of "enforce your own labor laws" provisions. This standard will not fly when it comes to future trade agreements. I understand it is difficult, but we must find a way to bridge the divide that currently exists on labor if we are going to move forward with a bi-partisan trade agenda.

Third, although I understand the rationale for this agreement, I think it is time that USTR begin to use its limited resources to negotiate FTA's, or at the very least market access, with countries that offer significant and tangible export opportunities for U.S. companies. Contrary to some of my colleagues, I think the trade deficit is indicative of more than just consumer spending patterns, and it is essential that we make a serious effort to open markets where we can sell our goods and services in an unhindered manner. Our national economic security is at stake.

Fourth, I want to extend my appreciation to USTR and the Administration for requiring that Bahrain completely disassociate itself from the Arab League boycott of Israel and obtaining commitments on terrorist financing before this agreement was completed. I also would like to express my appreciation to the Kingdom of Bahrain for pursuing what is, unfortunately, a very controversial policy in the region. It is my hope that Bahrain government makes every effort to ensure that these commitments be adhered to over time.

Thank you, Mr. Chairman.